

NEW HAMPSHIRE STATE LIQUOR COMMISSION MINUTES

February 4, 2009

PRESENT: Chairman Mark Bodi; Commissioner Patricia Russell; Commissioner Richard Simard; Craig Bulkley, Chief of Administration; George Tsiopras, Chief Financial Officer; Peter Engel, Director of Store Operations; Rick Gerrish, Spirits Marketing Specialist; Nicole Brassard, Wine Marketing Specialist; Kathy McCabe, Director of Purchasing; Evie Taft, Director of Human Resources; Deb Milewski, Director of information Technology; Deputy Chief Scott Dunn, Enforcement.

Excused: John Bunnell, Administrator of Marketing & Sales; Tony Burns, Assistant Director of Store Operations; Chief Eddie Edwards.

A motion was made by Chairman Bodi to formally accept the January 28, 2009 Spirits and Wine Agenda items as presented in the Agenda, which were informally reviewed, approved and ratified on January 28, 2009. The January 28 meeting was cancelled due to inclement weather. Commissioner Simard made a motion to accept the items as presented, Commissioner Russell seconded the motion. All in favor, motion carried.

The January 28 Agenda items formally accepted by the motion are as follows:

Spirits:

1. Approved the request received from Southern Wine & Spirits to offer Codes #3520 & #6866 as part of our March e-mail alert promotion.
2. Approved four spirit special offers received for our Bourbon Sale scheduled for the promotional month of March.
3. Approved the request received from Southern Wine & Spirits to purchase 100 cases (not 200 cases as offered) of Absolut Mango Vodka in the 50ML size as a one-time purchase.
4. Acknowledged the request received from Horizon Beverages to conduct product promotions in conjunction with Sweet Carolina Sweet Tea Vodka in selected stores on selected dates beginning February 6th through March 21st.
5. Acknowledged the request received from Martignetti Companies of NH to conduct product promotions in conjunction with 360 Vodka on February 13th in store #76 from 5-8 p.m.; on February 14th in store #38 from 12-3:00 p.m.; and on February 15th in store #73 from 12-3:00 p.m.
6. Acknowledged the request received from Horizon Beverages to conduct product promotions in conjunction with Pinnacle Kiwi Strawberry Vodka in selected stores on selected dates beginning January 30th through March 21st.

Wines:

1. Approved 15 wine special offers received from Executive Wine & Spirits for the month of March.
2. Approved 12 wine special offers received from Horizon Beverages for the month of March.
3. Approved 52 wine special offers received from Martignetti Companies of NH for the month of March.
4. Approved 44 wine special offers received from MS Walker for the month of March.
5. Approved 22 wine special offers received from Pine State Trading for the month of March.
6. Approved 4 wine special offers received from RP Imports for the month of March.
7. Approved 90 wine special offers received from Southern Wine & Spirits for the month of March.
8. Approved 11 wine special offers received from Charles Zoulias for the month of March.
9. Approved the request received from E & J Gallo Winery to conduct an in-store gift card

promotion during the promotional month of April in conjunction with codes #10422, 39410, 39411, 39412, 39413, 39414, 27460, 27461, 36234, 43089, 35941, 38728, 43193, 43195, 38898, 38899, 46382, 39800 and 40337 whereby consumers will receive a \$20.00 NHSLC gift card for every twelve bottles purchased.

10. Approved the request received from Horizon Beverages to purchase 100 cases of Code #18027, Banfi Rosa Regale with a special purchase allowance, to be distributed 5 cases to each Cluster 1 store.

Information Only~

11. Acknowledged the request received from E & J Gallo Winery to hold an in-store bottle signing with David Mirassou in store #66 on January 29th from 10:30 to 12:00 noon, as recommended. Wine codes to be promoted are Mirassou codes #39410, 39411, 39412, 39413, 39414, and 10422.
12. Acknowledged the request received from E & J Gallo Winery to hold an in-store tasting and bottle signing with David Mirassou in store #69 on January 28th from 4-6:30 p.m., as recommended. Wine codes to be promoted are Mirassou codes #39410, 39411, 39412, 39413, 39414, and 10422. Acknowledged the request received from E & J Gallo Winery to hold an in-store tasting and bottle signing with David Hopkins on January 29th in store #69 from 10:30-noon, as recommended. Wine codes to be promoted are Bridlewood codes #10931, 10932, 43540, and 44728.
13. Acknowledged the request received from CCPC to hold an in-store tasting in Store #21 on February 11th from 4-6 p.m., as recommended. Wine codes to be promoted are #42531, 42533, 42529, and 42537.
14. Acknowledged the request received from Poverty Lane Orchards to hold in-store promotional events on February 8th in stores 66 and 67 from 3-5 p.m. and on February 13th in store 38 from 6-8 p.m., as recommended. Wine codes to be promoted are #43922, 43920, and 43918.
15. Approved all primary source submissions.

I) ADMINISTRATIVE SERVICES REPORTS

1) Administrative Issues

Action items – The Hampton North sewer project was completed yesterday. Clean up with paving and reseeding Drakeside Road will be done next spring. A letter will be prepared for the Commissioners to review to send to the contractor.

There's a meeting on Friday with LBA auditors regarding the 94 audit. Thanks to all for getting the information to Craig to assist with the processing and research. Craig is hoping to be able to tie a lot of the audit requests and items up and move along with other items of concern for the Commission.

There are 5 items on tomorrow's Legislative Hearings agenda. The two that stand out for the Commission are HB 421 – Oversight Committee to monitor liquor enforcement and HB 588 – lowering the legal drinking age.

Ways and Means Committee visit tomorrow at 2:00 PM.

G&C went smoothly this week. Five items were on the Agenda and nothing to note or comment on regarding the meeting.

The Warehouse's sinking floor project was completed on January 23rd.

2) Financial Report

The week ending February 1, 2009 sales are up 11.09% over the same period as last year. Year to date is holding at 4.57% with 2 less days in the year to date.

From a profits perspective we have a revenue update report pretty much completed which shows us at adjusted year to date sales growth just under 5% with profits up 9.5%. We're showing excellent performance year to date.

In the expense budget activity variance report, we are at 60 % of the year expired, and have expended about 57% of the budget. There's nothing material to report as far as problems at this time. It is expecting we'll receive a request from the fiscal committee to transfer funds around to other accounts that we have which are looking pretty low.

We're working on several amendments to service contracts and reviewing a couple discount programs such as the discount coupon program and the breakage and affidavit program. We're working with Peter and store operations. We have issued our 3rd quarter physical inventory results, of which were excellent. We are happy to report there are less losses in the 3rd quarter this year than last year with several million dollars more in sales. It is obvious that our continued oversight is starting to pay off, especially in these times.

3) IT Report

IT is finalizing systems changes and processing that needs to be done with the Easter Seals event sales. They are working with marketing to complete these. IT is also working with Peter to complete the network connectivity for the new maintenance area across the street.

4) Human Resources Report

An annual training course will be offered to employees starting February 24 and will run through May 19 and 21. That time period may need to be lengthened, but for now it is scheduled. These courses will include, but are not necessarily limited to the following:

Safety and Security
Customer Service
Evaluations,
Applications (how to complete)
Manager Training "Pier Today, Boss Tomorrow"
Workers' Compensation
Family Medical Leave

If there is anything you would like to see on the training agenda, they're looking for suggestions.

II) MARKETING AND SALES REPORT

John Bunnell is excused from today's meeting and Peter Engel reported on the Marketing and Sales report.

Total stores were up for the week \$811,611.47 or 14.7%. As an FYI, Super Bowl Sunday was a week later this year, which may be the reason for the increase.

Work in the new Plaistow location has begun on Friday with demo work. Discussion with the Commission regarding layout needs to be done in the near future.

February 16 is a scheduled power outage here at the Head Quarters to replace the weather head, which is part of the service to the building. There will be minimal effect to us because the work will be done at 4:00 AM, this is mostly for information.

4) Store Operations

- a. 2009 Store Security Recommendation – Memorial Day through Columbus Day, 2009 (Executive Session)

5) Merchandising Report

- A. Purchasing

B. Warehouse

Motion made by Commissioner Simard, Commissioner Russell seconded to accept the Spirits Agenda items 1 through 4, as recommended by Rick Gerrish. All in favor, motion carried.

C. **Spirits**

1. Test Market Results

Approve the delisting of added size code #4199, Sauza Blanco Tequila, 1.75L size, as it failed to reach required gross profit dollars during its three month test period, as recommended by Richard Gerrish. The motion was unanimously adopted

Approved the change from full distribution to “specialty item” status for test market codes #3332, Absolut 100 Proof Vodka, 750ML and #5551, Schwartzhog Liqueur, 750ML size.

which was unanimously adopted on a roll call

2. Line Extension Request, Southern Wine and Spirits

Approved the request received from Southern Wine & Spirits to list Ciroc Snap Frost Vodka, 1.75L size (new code--#3286) as a line extension.

3. One Time Buy Request, Southern Wine and Spirits

Approved the request received from Southern Wine & Spirits to purchase 500 cases of Makers Mark, Liter size (new code--#1390), packaged in a custom package displaying a commemorative 75th anniversary medallion commemorating the NHSLC celebrating its 75th anniversary, as a one-time purchase.

4. Full Distribution Request

Approved the request received from Horizon Beverages to expand the distribution of Code #8173, Amarula Cream Liqueur, 750ML size, from its current specialty status to full distribution in all store locations.

Approved the request received from Horizon Beverages to expand the distribution of Code #984, Patron XO Café Liqueur, 750ML size, from its current specialty status to all Cluster 1, 2, 3, and 4 store locations.

Approved the request received from Horizon Beverages to expand the distribution of Code #4317, Pyrat XO Reserve Rum, 750ML size, from its current specialty status to all Cluster 1, 2, 3, and 4 store locations

D. **Wines**

The Chairman recognized Nicole Brassard and formally noted the Commission’s praise and thanks to Nicole and the entire Wine Department and Marketing team for the outstanding success of Wine Week 2009. Nicole accepted the recognition from the Chairman and commented that there was a lot of help from the IT Department as well.

Nicole stated that a report was put together for Wine Week and she is happy to report the sales for the Winter Wine Spectacular were \$66,000 before discounts. The average bottle ring at the register was \$22.86.

Motion made by Commissioner Simard, Commissioner Russell seconded to accept the Wines Agenda items 1 through 9, and including the Late Item, as recommended by Nicole Bressard. All in favor, motion carried.

1. Special Purchase Allowance – Moet & Chandon White Star
Approved the request received from Southern Wine & Spirits to purchase 200 cases of code #7865, Moet & Chandon White Star, 750ML size and 100 cases of Code #26285, Moet & Chandon White Star, 1.5L size.
2. Revised Wine Sale April 2009
The Chairman underscored the importance of going green.
Approved the following wine sale for the promotional month of April, 2009 (March 30th through April 26th) – “Earth Day – Save the Earth Sale”. Brokers will be requested to submit best prices of green wines (Organic grown, Organic & Bio Dynamic) to feature the same 12 wines in top 15 stores.
3. Second Size for Little Penguin Chardonnay
Approved the request received from Martignetti Companies for a second size on Code #39978, Little Penguin Chardonnay, 750ML size, and placing this item in cluster 1 stores, making availability as category 4 in our system so other stores may order if needed through the approved wines system.
4. Close Outs
Approved close-out pricing for fifteen Perfecta wine codes. Perfecta will sell these cases to other accounts out of Law once the close-out pricing is in place.
Approved close-out pricing for two Perfecta wine codes (#41853 and #46172).
5. Price Adjustment on Existing Inventory, Horizon
Approved special pricing for seasonal wine code #39000, M & R Asti & Prosecco 2-Pack in order to deplete remaining inventory.
6. Specialty Buy In
Approved the request received from Horizon Beverages to purchase 100 cases of Code #18027, Banfi Rosa Regale with depletion allowance support from Banfi and a special purchase allowance.
Approved the request received from Martignetti Companies to purchase 150 cases each of #12020, Dan Aykroyd Chardonnay and #12019, Dan Aykroyd Cabernet Sauvignon, as recommended. Also approved Martignetti’s request to hold an in-store celebrity bottle signing and tasting of Dan Aykroyd’s wines on February 24th in store #69 from 3:30 p.m. to 6:00 p.m.
7. Special Offer – Clos du Bois and Ravenswood
Approved the request received from Southern Wine & Spirits to offer six Clos du Bois & Ravenswood wine codes which customers will be able to purchase, mixed and/or matched during the promotional month of March.
8. Store Promotional Event – Informational Only
Acknowledged the request received from Horizon Beverages to hold an in-store “dry” tasting promotional event on February 13th in stores 38, 73, 76, 67 and 66 from 4-6 p.m. Wines to be promoted are Cupcake wine codes #11826 and 11825.
9. Primary Source Recommendations
Approved all primary source submissions - Exclusive – 12, Imported – 9

LATE ITEM: Specialty Buy In
Approved the request received from Martignetti Companies to purchase 1000 cases of 2003 Brolio Chianti Classico to be placed in our account at Law for stores to draw from and feature at \$9.99 per bottle.

At 1:25 p.m. a motion was made by Chairman Bodi to enter into non-public session under Section 11(a) and (d) of RSA 91-a for the purpose of store security, Commissioner Russell seconded the motion, which was unanimously adopted on a roll call vote.

IV) ENFORCEMENT & LICENSING REPORT

V) CHAIRMAN'S REPORT & LATE ITEMS

- a. Bailment Requests
- b. Coupon Approvals
- c. Legal Issues

VI) EXECUTIVE SESSION

Mark M. Bodi, Chairman

Patricia T. Russell, Commissioner

Richard E. Simard, Commissioner